MONTANA LEGISLATIVE HISTORY

Chapter 568 1991

Bill H 715 S _____ Original bill & history ✓ C

H. Committee on Education & Cultural Res.			S. Committee on Education & Cultural Res.		
Hearing Date(s)	2/18	___C	Hearing Date(s)	3/18	___C
ex	2/18	___C	ex	3/20	___C
	_____	___C		_____	___C
	_____	___C		_____	___C
Date Out	_____	___C			

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

2/08	INTRODUCED		
2/08	REFERRED TO LABOR & EMPLOYMENT RELATIONS		
2/09	FIRST READING		
2/09	FISCAL NOTE REQUESTED		
2/12	FISCAL NOTE RECEIVED		
2/14	FISCAL NOTE PRINTED		
2/21	HEARING		
2/22	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/23	2ND READING PASSED	76	20
2/26	3RD READING PASSED	71	28
	TRANSMITTED TO SENATE		
2/27	FIRST READING		
2/27	REFERRED TO LABOR & EMPLOYMENT RELATIONS		
3/12	HEARING		
3/14	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
3/16	2ND READING CONCURRED	49	0
3/18	3RD READING CONCURRED	49	0
	RETURNED TO HOUSE WITH AMENDMENTS		
3/21	2ND READING AMENDMENTS CONCURRED	73	12
3/23	3RD READING AMENDMENTS CONCURRED	76	21
3/27	SIGNED BY SPEAKER		
3/27	SIGNED BY PRESIDENT		
3/27	TRANSMITTED TO GOVERNOR		
4/01	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 298	EFFECTIVE DATE: 10/01/91	

HB 713 INTRODUCED BY KNOX, ET AL.

REVISE THE TERM "MENTAL DISORDER" IN LAW RELATING TO CENTER FOR THE AGED

BY REQUEST OF DEPARTMENT OF INSTITUTIONS

2/08	INTRODUCED		
2/08	REFERRED TO HUMAN SERVICES & AGING		
2/09	FIRST READING		
2/18	HEARING		
2/19	COMMITTEE REPORT—BILL PASSED		
2/19	PLACED ON CONSENT CALENDAR		
2/23	3RD READING PASSED	98	0
	TRANSMITTED TO SENATE		
2/25	FIRST READING		
2/25	REFERRED TO PUBLIC HEALTH, WELFARE & SAFETY		
3/18	HEARING		
3/20	TABLED IN COMMITTEE		

HB 714 INTRODUCED BY S. RICE

ALLOW FOR APPOINTMENT OF URBAN TRANSPORTATION BOARD

2/08	INTRODUCED		
2/08	REFERRED TO LOCAL GOVERNMENT		
2/09	FIRST READING		
2/19	HEARING		
2/19	TABLED IN COMMITTEE		

HB 715 INTRODUCED BY PECK

GENERALLY REVISE LAWS RELATED TO SCHOOL DISTRICT ACCOUNTING PROCEDURES

BY REQUEST OF OFFICE OF PUBLIC INSTRUCTION

2/08	INTRODUCED		
2/08	REFERRED TO EDUCATION & CULTURAL RESOURCES		
2/09	FIRST READING		
2/09	FISCAL NOTE REQUESTED		
2/14	FISCAL NOTE RECEIVED		

2/14	FISCAL NOTE PRINTED		
2/18	HEARING		
2/19	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/21	PLACED ON CONSENT CALENDAR		
2/23	3RD READING PASSED	97	1
	TRANSMITTED TO SENATE		
2/25	FIRST READING		
2/25	REFERRED TO EDUCATION & CULTURAL RESOURCES		
3/18	HEARING		
3/21	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
3/22	2ND READING CONCURRED	48	0
3/23	3RD READING CONCURRED	47	0
	RETURNED TO HOUSE WITH AMENDMENTS		
4/09	2ND READING AMENDMENTS CONCURRED	95	2
4/10	3RD READING AMENDMENTS CONCURRED	99	0
4/18	SIGNED BY SPEAKER		
4/19	SIGNED BY PRESIDENT		
4/19	TRANSMITTED TO GOVERNOR		
4/23	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 568		
	EFFECTIVE DATE: 04/23/91 - SECTIONS 1-5, 7-12		
	EFFECTIVE DATE: 07/01/91 - SECTION 6		

HB 716 INTRODUCED BY CONNELLY, ET AL.

ALLOW COUNTIES AND DISTRICTS TO ASSESS FEE FOR DOG CONTROL PROGRAMS

2/08	INTRODUCED
2/08	REFERRED TO LOCAL GOVERNMENT
2/09	FIRST READING
2/19	HEARING
2/19	TABLED IN COMMITTEE

HB 717 INTRODUCED BY ELLISON, ET AL.

ALLOW ATTORNEY GENERAL ANTI-TRUST AUTHORITY

2/08	INTRODUCED
2/08	REFERRED TO APPROPRIATIONS
2/09	FIRST READING
3/07	HEARING
3/23	TABLED IN COMMITTEE

HB 718 INTRODUCED BY ELLIOTT, ET AL.

PERMIT DEPARTMENT OF HEALTH TO COLLECT FEES TO OFFSET WATER QUALITY PROGRAM COSTS

BY REQUEST OF DEPARTMENT OF HEALTH & ENVIRONMENTAL SCIENCES

2/08	INTRODUCED
2/08	REFERRED TO NATURAL RESOURCES
2/09	FIRST READING
2/09	FISCAL NOTE REQUESTED
2/16	FISCAL NOTE RECEIVED
2/18	FISCAL NOTE PRINTED
3/12	HEARING
3/15	COMMITTEE REPORT—BILL PASSED AS AMENDED
3/16	REREFERRED TO APPROPRIATIONS
3/21	HEARING
3/23	TABLED IN COMMITTEE

HB 719 INTRODUCED BY D. BROWN, ET AL.

RESTRICT PERSONS WHO MAY CONDUCT PHYSICAL EXAM OR REVIEW CERTAIN RECORDS

HOUSE BILL NO. 715

INTRODUCED BY PECK
BY REQUEST OF THE SUPERINTENDENT
OF PUBLIC INSTRUCTION

IN THE HOUSE

FEBRUARY 8, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON EDUCATION & CULTURAL RESOURCES.
FEBRUARY 9, 1991	FIRST READING.
FEBRUARY 19, 1991	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
FEBRUARY 20, 1991	PRINTING REPORT.
FEBRUARY 21, 1991	POSTED ON ALTERNATIVE CONSENT CALENDAR.
FEBRUARY 23, 1991	THIRD READING, PASSED. AYES, 97; NOES, 1.
	TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 25, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON EDUCATION & CULTURAL RESOURCES.
	FIRST READING.
MARCH 21, 1991	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
MARCH 22, 1991	SECOND READING, CONCURRED IN.
MARCH 23, 1991	THIRD READING, CONCURRED IN. AYES, 47; NOES, 0.
	RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 9, 1991	RECEIVED FROM SENATE.
	SECOND READING, AMENDMENTS CONCURRED IN.
APRIL 10, 1991	THIRD READING, AMENDMENTS

CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

INTRODUCED BY House Bill NO. 715
Park

BY REQUEST OF THE SUPERINTENDENT
OF PUBLIC INSTRUCTION

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE LAWS RELATED TO SCHOOL DISTRICT ACCOUNTING PROCEDURES; AMENDING SECTIONS 2-9-212, 20-3-331, 20-6-604, 20-7-457, 20-7-705, 20-7-713, 20-9-133, 20-9-201, 20-9-435, 20-9-512, AND 20-10-147, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 2-9-212, MCA, is amended to read:

"**2-9-212. Political subdivision tax levy to pay premiums.** Notwithstanding any provisions of law to the contrary, ~~all~~ a political ~~subdivisions~~ subdivision, except for a school district, may levy an annual property tax in the amount necessary to fund the premium for insurance, deductible reserve fund, and self-insurance reserve fund as herein authorized and to pay the principal and interest on bonds or notes issued pursuant to 2-9-211(5), even though as a result of such levy the maximum levy as otherwise restricted by law is exceeded thereby, provided that the revenues derived therefrom may not be used for any other purpose."

Section 2. Section 20-3-331, MCA, is amended to read:

"**20-3-331. Purchase of ~~liability~~ insurance -- self-insurance plan.** (1) The trustees of ~~any~~ a district may purchase insurance coverage or establish a self-insurance plan for the district, trustees, and employees ~~against~~ for liability ~~for the death, injury, or disability of any person or damage to property~~ as provided in 2-9-211 and for group health and life insurance as provided in 2-18-702. The trustees shall include the cost of coverage in the general fund budget of the district and as authorized for the district transportation program in 20-10-143(1)(d).

(2) Whenever the trustees of a district establish a self-insurance plan, the trustees shall establish an internal service fund to account for the activities of the self-insurance plan."

Section 3. Section 20-6-604, MCA, is amended to read:

"**20-6-604. Sale of property when resolution passed after hearing -- appeal procedure.** (1) Whenever the trustees of ~~any~~ a district determine that a site, building, or any other real or personal property of the district is or is about to become abandoned, obsolete, undesirable, or unsuitable for the school purposes of ~~such~~ the district, the trustees may sell or otherwise dispose of ~~such~~ the real or personal property in accordance with this section and

INTRODUCED BILL
HB 715

without conforming to the provisions of 20-6-603. If a decision to sell or dispose of property is made, the trustees shall adopt a resolution to sell or otherwise dispose of ~~such~~ the district real or personal property because it is or is about to become abandoned, obsolete, undesirable, or unsuitable for the school purposes of the district.

(2) The resolution may not become effective for 14 days after the notice required in subsection (3) is made.

(3) The trustees shall cause notices of the resolution to be published in a newspaper of general circulation in the district. If there is no newspaper of general circulation, the trustees shall cause notices of the resolution to be posted in the manner required for school elections in 20-20-204.

(4) ~~Any~~ A taxpayer may appeal the resolution of the trustees, at any time prior to the effective date of the resolution, to the district court by filing a verified petition with the clerk of ~~such~~ the court and serving a copy of ~~such~~ the petition upon the district. The petition ~~shall~~ must set out in detail the objections of the petitioner to the adoption of the resolution or to the disposal of the property. The service and filing of the petition ~~shall~~ stay the resolution until final determination of the matter by the court. The court shall immediately fix the time for a

hearing at the earliest convenient time. At the hearing, the court shall hear the matter de novo and may take testimony as it ~~deems~~ considers necessary. Its proceedings ~~shall be~~ are summary and informal, and its decision ~~shall be~~ is final.

(5) The trustees of a district that has adopted a resolution to sell or otherwise dispose of district real or personal property and, if appealed, has been upheld by the court shall sell or dispose of ~~such~~ the real or personal property in any reasonable manner that they determine to be in the best interests of the district.

(6) The ~~moneys~~ money realized from the sale or disposal ~~shall~~ of real or personal property of the district must be credited to the debt service fund, building fund, general fund, or ~~any combination of these three funds~~ other appropriate fund, at the discretion of the trustees."

Section 4. Section 20-7-457, MCA, is amended to read:

"20-7-457. Funding provisions for special education cooperatives or joint boards. (1) The superintendent of public instruction shall pay directly to a cooperative or to a joint board formed under 20-3-361 for special education purposes the approved allowable costs for contracted special education services from the state special revenue fund for state equalization aid as provided in 20-9-343. The total of the payments must be within the limit set by the legislature

for approved special education budgets.

(2) A school district that elects to participate in a cooperative shall agree in the cooperative contract to participate for a period of at least 3 years.

(3) A school district that elects to participate in a joint board formed under 20-3-361 for special education purposes shall confirm in writing to the joint board by October 1 of the current school fiscal year the district's intention to participate or to not participate in a joint board agreement for the next school fiscal year.

(4) After June 30, 1990, a cooperative that has not met the requirements of 20-7-453 and 20-7-454 may not be funded under the provisions of this section except by approval of the superintendent of public instruction. The superintendent shall adopt rules for approval of full service special education cooperatives formed after June 30, 1990.

(5) A special education cooperative may establish a retirement fund, a miscellaneous programs fund, and a transportation fund, as provided for in 20-9-201, for the purposes of a special education cooperative contract and the purposes allowed by law."

Section 5. Section 20-7-705, MCA, is amended to read:

"20-7-705. Adult education fund. (1) A separate adult education fund ~~shall~~ must be established when an adult education program is operated by a district or community

college district. The financial administration of ~~such~~ the fund ~~shall~~ must comply with the budgeting, financing, and expenditure provisions of the laws governing the schools.

(2) Whenever the trustees of ~~any~~ a district establish an adult education program under the provisions of 20-7-702, they shall establish an adult education fund under the provisions of this section. The adult education fund ~~shall be~~ is the depository for all ~~federal, state, and~~ district ~~moneys~~ money received by the district in support of the adult education program. Federal and state adult education program money must be deposited in the miscellaneous programs fund.

(3) The trustees of ~~any~~ a district may authorize the levy of a tax of not more than 1 mill on the district, except that trustees of a county high school district that is not unified with an elementary district may authorize a levy of not more than 2 mills on the district, for the operation of an adult education program when the superintendent of public instruction has approved the educational program to be supported by ~~such~~ the levy. The trustees shall obtain the approval of the superintendent of public instruction ~~shall have been acquired by the trustees~~ before the fourth Monday of June in order to include the expenditures to be financed by the levy in the preliminary budget. The superintendent of public instruction shall

promulgate rules and forms for ~~such~~ approval.

(4) Whenever the trustees of ~~any~~ a district decide to offer an adult education program during the ensuing school fiscal year, they shall budget for the cost of ~~such~~ the program in the adult education fund of the preliminary budget. Any expenditures in support of the adult education program under the final adult education budget ~~shall~~ must be made in accordance with the financial administration provisions of this title for a budgeted fund.

(5) When a tax levy for an adult education program ~~which~~ that has been approved by the superintendent of public instruction is included as a revenue item on the final adult education budget, the county superintendent shall report ~~such~~ the levy requirement to the county commissioners on the second Monday of August and a levy on the district ~~shall~~ must be made by the county commissioners in accordance with 20-9-142."

Section 6. Section 20-7-713, MCA, is amended to read:

"**20-7-713. Adult ~~basic~~ education fund ~~cash~~ operating reserve.** At the end of each school fiscal year, the trustees of ~~any~~ a school district that operates an adult ~~basic~~ education program may designate ~~what~~ the portion of the adult ~~basic~~ education ~~fund~~ end-of-the-year ~~cash~~ fund balance that is to be earmarked as ~~cash~~ operating reserve for the purpose of paying, whenever a cash flow shortage occurs,

adult ~~basic~~ education fund warrants issued by the district from July 1 through June 30 of the ensuing school fiscal year. The amount of the adult ~~basic~~ education fund ~~cash~~ balance that is earmarked as ~~cash~~ operating reserve may not exceed 35% of the final adult ~~basic~~ education fund budget for the ensuing school fiscal year."

Section 7. Section 20-9-133, MCA, is amended to read:

"**20-9-133. Adoption and expenditure limitations of final budget.** (1) When the trustees ~~have--caused~~ determine and set the amount ~~of-an-item~~ of the budget for ~~the-district to--be--determined--and--set~~ each budgeted fund, they shall enter the amount in the portion of the budget form provided for the reporting of the final budget and ~~upon-completion-of all--the-items,~~ the chairman and clerk shall sign the budget form. The resulting budget ~~shall-constitute~~ constitutes the final budget and the appropriations for the district for the current school fiscal year.

(2) Except as provided in subsection (3), the trustees and all officers and employees of the district ~~shall-be~~ are limited in making expenditures or incurring liabilities to the total amount of ~~such--appropriations,--except---that transfers~~ each fund's budget. Transfers from any appropriation item to another appropriation item within a fund's budget may be made as provided by ~~law~~ 20-9-208. Except as provided in subsection (3), money of the district

may not be used to pay expenditures made, liabilities incurred, or warrants issued in excess of ~~any of~~ the final budget ~~appropriations for any item, as originally determined or as revised by transfer, shall not be a liability of the district, and no money of the district shall ever be used to pay the same~~ established for each budgeted fund.

(3) If a district incurs a legal bonded debt payment after the final debt service fund budget for the current fiscal year has been adopted and if payment on the debt is required for the current fiscal year, payment on the debt in the current school fiscal year is allowed if money is available."

Section 8. Section 20-9-201, MCA, is amended to read:

"20-9-201. Definitions and application. (1) As used in this title, unless the context clearly indicates otherwise, "fund" means a separate detailed account of receipts and expenditures for a specific purpose as authorized by law. Funds are classified as follows:

(a) A "budgeted fund" means any fund for which a budget must be adopted in order to expend money from the fund. The general fund, transportation fund, bus depreciation reserve fund, elementary tuition fund, retirement fund, debt service fund, leased facilities fund, building reserve fund, adult education fund, nonoperating fund, and any other funds so designated by the legislature are budgeted funds.

(b) A "nonbudgeted fund" means any fund for which a budget is not required in order to expend money on deposit in the fund. The school food services fund, miscellaneous federal programs fund, building fund, lease or rental agreement fund, traffic education fund, interlocal cooperative fund, internal service fund, enterprise fund, agency fund, and any other funds so designated by the legislature are nonbudgeted funds.

(2) The school financial administration provisions of this title apply to all money of any elementary or high school district except the extracurricular money realized from pupil activities. Elementary and high school districts shall record the receipt and disbursement of all money in accordance with generally accepted accounting principles. The superintendent of public instruction has general supervisory authority as prescribed by law over the school financial administration provisions, as they relate to elementary and high school districts. ~~He~~ The superintendent of public instruction shall adopt rules necessary to secure compliance with the law."

Section 9. Section 20-9-435, MCA, is amended to read:

"20-9-435. Delivery of school district bonds and disposition of sale moneys. (1) After the school district bonds have been registered, the county treasurer shall:

(a) when the board of investments has purchased ~~such~~

the bonds, forward the bonds to ~~such state~~ the board ~~which~~ that, in turn, shall ~~cause the bonds to be sent~~ send the bonds to the state treasurer and shall ~~cause~~ pay the bonds ~~to be paid for~~ in the manner provided by law; or

(b) when the purchaser is anybody other than the board of investments, deliver the bonds to ~~such~~ the purchaser when full payment of the bonds has been made by the purchaser.

(2) If any of the trustees fails or refuses to pay into the proper county treasury the money arising from the sale of any bonds, ~~he~~ the trustee is guilty of a felony and shall be punished by imprisonment in the state prison for not less than 1 year or more than 10 years, by a fine of not more than $50,000, or by both ~~such~~ fine and imprisonment.

(3) All money realized from the sale of school district bonds ~~shall~~ must be paid to the county treasurer~~, and he~~. The county treasurer shall credit ~~such~~ the money to the building fund of the school district issuing the bonds, except money realized for the purposes defined in 20-9-403(1)(c) and (1)(d) ~~shall~~ must be deposited in the debt service fund for the purchase of ~~such~~ the bonds and money realized for the purposes authorized in 20-9-403(1)(e) must be deposited in a fund as provided for in 2-9-316 to pay a final judgment against the school district. The money realized from the sale of school district bonds ~~shall~~ must be immediately available to ~~such~~ the school district, and

the trustees may expend ~~such~~ the money without budgeted authorization only for the purposes for which the bonds were authorized by the school district bond election. Under the provisions of 7-6-2802, the trustees may invest the money for which there is no immediate demand and the interest earned by ~~such~~ the investment ~~shall~~ must be used in the manner provided ~~therein~~ in that section. After the full accomplishment of the purpose or purposes of a bond issue, the excess money realized from ~~such~~ the bond issue ~~shall~~ must be transferred to the debt service fund of the school district to be used for the redemption or purchase of bonds of ~~such~~ the issue."

Section 10. Section 20-9-512, MCA, is amended to read:

"20-9-512. Reserve fund for payment of accumulated sick leave. (1) The trustees of ~~any~~ a school district may establish a reserve fund for the purpose of paying any accumulated amount of sick leave that a nonteaching school district employee is entitled to upon termination of employment with the district in accordance with the provisions of 2-18-618. ~~Such a~~ The reserve fund may be used only for the stated purpose of this section.

(2) At the end of each school fiscal year, the trustees may appropriate a portion of the general fund end-of-the-year ~~cash~~ fund balance to establish ~~such~~ a reserve fund.

(3) The maximum amount in a reserve fund established under the provisions of subsections (1) and (2) may not exceed 30% of the total school district liability for accumulated sick leave of nonteaching school district employees on ~~January 15~~ June 30 of the preceding school fiscal year."

Section 11. Section 20-10-147, MCA, is amended to read:

"**20-10-147. Bus depreciation reserve.** (1) The trustees of ~~any~~ a district owning a bus or a two-way radio used for purposes of transportation, as defined in 20-10-101, or for purposes of conveying pupils to and from school functions or activities may establish a bus depreciation reserve fund to be used for the replacement of ~~such~~ the bus or radio.

(2) Whenever a bus depreciation reserve fund is established, the trustees may include in the district's budget, in accordance with the school budgeting provisions of this title, an amount each year that does not exceed 20% of the original cost of a bus or a two-way radio ~~for such purposes~~. The amount budgeted may not, over time, exceed 100% of the original cost of a bus or two-way radio. The annual revenue requirement for each district's bus depreciation reserve fund, determined within the limitations of this section, ~~shall~~ must be reported by the county superintendent to the county commissioners on the second Monday of August as the bus depreciation reserve fund levy

LC 0935/01

requirement for that district, and a levy ~~shall~~ must be made by the county commissioners in accordance with 20-9-142.

(3) Any expenditure of bus depreciation reserve fund ~~moneys--shall~~ money must be within the limitations of the district's final bus depreciation reserve fund budget and the school financial administration provisions of this title and may be made only for the purchase of buses or radios to replace the buses or radios for which the bus depreciation reserve fund was created.

(4) Whenever the trustees of a district maintaining a bus depreciation reserve fund consider it to be in the best interest of the district to transfer any portion or all of the bus depreciation reserve ~~cash~~ fund balance to any other fund maintained by the district, ~~it~~ the trustees shall submit ~~such~~ the proposition to the electors of the district. The electors qualified to vote at the election shall qualify under 20-20-301, and the election ~~shall~~ must be called and conducted in the manner prescribed by this title for school elections. If a majority of those electors voting at the election approve the proposed transfer from the bus depreciation reserve fund, the transfer is approved and the trustees shall immediately order the county treasurer to make the approved transfer."

NEW SECTION. **Section 12.** Effective date. [This act] is effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0715, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to generally revise laws related to school district accounting procedures; amending sections 2-9-212, 20-3-331, 20-6-604, 20-7-457, 20-7-705, 20-7-713, 20-9-133, 20-9-201, 20-9-435, 20-9-512, and 20-10-147, MCA; and providing an immediate effective date.

ASSUMPTIONS:

1. The language in this bill clarifies, in statute, practices that are already part of school accounting procedures.
2. The change in the calculation of the operating fund reserve for adult education will have a minimal impact on local mills and no impact on state funding for adult education.

FISCAL IMPACT:

None

TECHNICAL NOTES:

Section 6, regarding the operating fund reserve for the adult education fund, should be effective July 1, 1991.

Rod Sundsted 2-13-91

ROD SUNDSTED, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Ray Peck 2/14/91

Ray Peck, PRIMARY SPONSOR DATE

Fiscal Note for HB0715, as introduced

HB 715

CHAIRMAN--TED SCHYE
SECRETARY-DIANNE MCKITTRICK
NORMAL SCHEDULE==> SITE: ROOM 312-1 DAYS: TU,TH TIME: 3:00 P.M.

--BILL NO---	REFER DATE---	HEARING DATE---	CONSIDERATION DATES---	COMMITTEE ACTION---	REREFERRED TO COMM---	DATE OUT-
HB0708	2/08	2/22				
SIMPKINS, RICHARD			APPROPRIATE MONEY TO FUND COSTS OF IMPLEMENTING ACCREDITATION STANDARDS			
HB0709	2/08	2/22		TABLED ON 02/22		
SIMPKINS, RICHARD			REPEAL ADMINISTRATIVE RULES IMPLEMENTING ACCREDITATION STANDARDS			
HB0715	2/08	2/18		PASS AS AMENDED		2/19
PECK, RAY			GENERALLY REVISE LAWS RELATED TO SCHOOL DISTRICT ACCOUNTING PROCEDURES			
HB0746	2/11	2/20		PASS AS AMENDED	APPROPRIATIONS	3/23
RUSSELL, ANGELA			REQUIRE STATE TO ERECT INDIAN MONUMENT AND FLAG CIRCLE ON CAPITOL GROUNDS			
HB0754	2/11	2/22		DO PASS	APPROPRIATIONS	2/23
HARRINGTON, DAN			INCLUDE FUNDING FACTOR FOR TEACHER EXPERIENCE IN SCHOOL FOUNDATION FUNDING			
HB0762	2/12	2/15		TABLED ON 03/22		
GRINDE, LARRY			APPROPRIATING FUNDS FOR STATE EQUALIZATION AID			
HB0792	2/12	3/12		DO PASS	APPROPRIATIONS	3/23
DOLEZAL, ED			APPROPRIATING GENERAL FUND MONEY FOR SALARIES AT THE MSDB			
HB0800	2/13	2/22		DO PASS	APPROPRIATIONS	2/23
SWYSGOOD, CHARLES			REQUIRE AGENCY OR PARENT TO PAY SCHOOL TUITION OR SCHOOL FEES IN SOME CASES			
HB0817	2/13	2/22		DO PASS		2/23
JOHNSON, ROYAL			ALLOWING STATE AID TO PUBLIC LIBRARIES CREATED UNDER TITLE 7			
HB0818	2/13	2/20		TABLED ON 02/20		
KADAS, MIKE			REVISE THE LIMITATIONS ON SCHOOL GENERAL FUND BUDGETS			
HB0828	2/13	2/22		TABLED ON 02/22		
MCCULLOCH, SCOTT			REQUIRE THAT PAY FOR SCHOOL ADMINISTRATORS BE BASED ON HIGHEST TEACHER PAY			

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By Chairman Ted Schye, on February 18, 1991, at 3:00 p.m.

ROLL CALL

Members Present:
Ted Schye, Chairman (D)
Ervin Davis, Vice-Chairman (D)
Steve Benedict (R)
Ernest Bergsagel (R)
Robert Clark (R)
Vicki Cocchiarella (D)
Alvin Ellis, Jr. (R)
Gary Feland (R)
Gary Forrester (D)
Floyd "Bob" Gervais (D)
H.S. "Sonny" Hanson (R)
Dan Harrington (D)
Tom Kilpatrick (D)
Bea McCarthy (D)
Scott McCulloch (D)
Richard Simpkins (R)
Barry "Spook" Stang (D)
Norm Wallin (R)
Diana Wyatt (D)

Members Excused: Rep. "Fritz" Daily (D)

Staff Present: Andrea Merrill, Legislative Council
Dianne McKittrick, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

EXECUTIVE ACTION ON HB 582

Motion/Vote: **REP. STANG** moved HB 582 **BE TABLED.** Motion **CARRIED** unanimously.

EXECUTIVE ACTION ON HB 343

Motion: **REP. DAVIS** moved HB 343 **DO PASS.**

Discussion: **REP. SIMPKINS** said HB 343 shifts funding from the local districts to the state. This may be good for the local taxpayer but means more money from the state going into the guaranteed tax base.

Michael Farris if he felt there would be a great deal of litigation if the students are not tested and sue the state later. **Mr. Farris** said he has been doing home school litigation for ten years and there hasn't been one case where a home school student has sued a district under such a theory.

REP. MCCULLOCH asked **Mr. Farris** if he would be in favor of testing done by the parents in the home as is the case in Rhode Island. **Mr. Farris** said he would rather not have such a bill at all. The fact is, such a law in Montana is unnecessary because things are already working very well.

REP. MCCULLOCH asked **Kent Gilge** if most home school children do return to public education in Montana. **Mr. Gilge** said he has no figures to that effect. The majority of home schooling parents have little or no intention of returning the students to the public school.

REP. BENEDICT asked **Bob Anderson** if school districts lose the ANB money if the child is schooled at home. **Mr. Anderson** said yes.

CHAIRMAN SCHYE asked **Mr. Anderson** if Montana's home school laws are lenient or strict. **Mr. Anderson** answered they are the most lenient in the nation.

Closing by Sponsor:

REP. HARRINGTON said HB 533 would not change the fact home school laws are very lenient in Montana. Laws are passed to correct abuses. These students do re-enter the K-12 arena at some time and must be prepared to do so. This bill does not argue the merits of home school vs. the public school system. Yes, the world can be a very hostile place and all students no matter where schooled are sensitive to testing. Shielding these students from some of the hostility will neither protect nor enhance them. **REP. HARRINGTON** said he has always fought for the individual rights of people to do what they wish under the Constitution. However, there are times when individual rights are not in the best interest of all.

HEARING ON HB 715

Presentation and Opening Statement by Sponsor:

REPRESENTATIVE RAY PECK, House District 15, Havre, introduced Kathy Fabiano of the Office of Public Instruction to explain HB 715.

Proponents' Testimony:

Kathy Fabiano, Office of Public Instruction, (OPI), said HB 715 was requested by the OPI that has for the past year and a half been in the districts helping to implement Generally Accepted Accounting Principles (GAAP). HB 715 amends and corrects many

sections of current statute that are contrary to generally accepted principles or are outdated and unclear.

Kay McKenna, Montana Association of County School Superintendents, (MACSS), stated support especially concerning the establishment of self-insurance funds and Special Education Co-op retirement monies.

Opponents' Testimony: None

Questions From Committee Members:

REP. BENEDICT asked **Kathy Fabiano** for clarification on page 13, line 19, stating the amount budgeted may not over time exceed 100% of the original cost of a bus or two-way radio. If a district bought a two-way radio five years ago and needs to buy another, is it limited to spend only the original cost? **Ms. Fabiano** replied the amendment does not prevent a district from spending more but does prevent them from over time depreciating that radio for more than 100% of its cost. **REP. BENEDICT** asked **Ms. Fabiano** if the district can put the original cost amount of the equipment in the reserve account. **Ms. Fabiana** answered yes.

Closing by Sponsor:

REP. PECK said regarding the trade value of a bus, if you accumulate 100% of the purchase price plus the trade value you are fairly close to the new value. **HB 715** is a faith bill. The accountants were directed last session with regard to HB 28 to apply Generally Accepted Accounting Principles to school law in order to obtain better data.

HEARING ON HB 694

Presentation and Opening Statement by Sponsor:

REPRESENTATIVE HOWARD TOOLE, House District 60, Missoula, said HB 694 is somewhat radical in concept and proposes to extend the school year to 220 days. The 220 day year would be phased in by adding 10 days per year beginning in 1992-93. There is documentation that in countries where students spend more time in the classroom there is greater competency in several areas such as math and science. American competitiveness is at stake and there is truly reason to be worried and concerned over the future. The countries that seem to have the momentum are countries other than ours. The problem we face in competitiveness could become a crisis if we don't realize these other countries are educating their kids more thoroughly. **EXHIBIT 69A**

Proponents' Testimony:

Jesse Long, School Administrators of Montana, (SAM), stated support.

Motion/Vote: REP. STANG moved to place HJR 35 on the Consent Calendar. Motion CARRIED unanimously.

EXECUTIVE ACTION ON HB 715

Motion: REP. STANG moved HB 715 DO PASS.

Motion/Vote: REP. KILPATRICK moved the amendments to HB 715. Motion CARRIED unanimously.

Motion/Vote: REP. BENEDICT moved an amendment to strike 100% on page 13, line 20 and inserting 150%. Motion CARRIED unanimously.

Vote: REP. STANG moved HB 715 DO PASS AS AMENDED. Motion CARRIED unanimously.

EXECUTIVE ACTION ON HB 694

Motion: REP. STANG moved TO TABLE HB 694.

Discussion: The committee discussed the idea of a resolution for an interim study. CHAIRMAN SCHYE said a study resolution can be introduced at any time up until the last day of session. The committee decided to debate the issue again after the 45th legislative day.

Vote: Motion CARRIED upon voice vote with REP. WYATT voting no.

EXECUTIVE ACTION ON HB 589

Motion/Vote: REP. MCCULLOCH moved HB 589 DO PASS. Motion CARRIED upon voice vote with REP. CLARK voting no.

EXECUTIVE ACTION ON HB 322

Motion: REP. SIMPKINS moved HB 322 DO PASS.

Discussion: REP. SIMPKINS moved and explained amendments to HB 322. EXHIBIT 70 REP. HARRINGTON said he opposed the bill. There are serious problems with this legislation and if the present system is not broken let's not change it.

Vote: Motion on the amendments CARRIED upon voice vote unanimously.

Motion/Vote: REP. SIMPKINS moved HB 322 DO PASS AS AMENDED. Motion FAILED upon Roll Call Vote 9 aye, 11 no. EXHIBIT 71 .

Motion/Vote: REP. STANG then made a substitute motion TO TABLE HB 322. REP. SIMPKINS recommended a reversal of the Roll Call Vote. EXHIBIT 71 HB 322 was TABLED 11 aye, 9 no.

EXECUTIVE ACTION ON HB 540

HOUSE OF REPRESENTATIVES

EDUCATION AND CULTURAL RESOURCES COMMITTEE

ROLL CALL DATE 2-18-91

NAME	PRESENT	ABSENT	EXCUSED
REP. TED SCHYE, CHAIRMAN	✓		
REP. ERVIN DAVIS, VICE-CHAIRMAN	✓		
REP. STEVE BENEDICT	✓		
REP. ERNEST BERGSAGEL	✓		
REP. ROBERT CLARK	✓		
REP. VICKI COCCHIARELLA	✓		
REP. FRED "FRITZ" DAILY			✓
REP. ALVIN ELLIS, JR.	✓		
REP. GARY FELAND	✓		
REP. GARY FORRESTER	✓		
REP. FLOYD "BOB" GERVAIS	✓		
REP. H.S. "SONNY" HANSON	✓		
REP. DAN HARRINGTON	✓		
REP. TOM KILPATRICK	✓		
REP. BEA MCCARTHY	✓		
REP. SCOTT MCCULLOCH	✓		
REP. RICHARD SIMPKINS	✓		
REP. BARRY "SPOOK" STANG	✓		
REP. NORM WALLIN	✓		
REP. DIANA WYATT	✓		

CS05ED.MAN

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

EDUCATION & CULTURAL RESOURCES COMMITTEE BILL NO. 715

DATE 2-18-91 SPONSOR(S) Peck

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Pam McKenna	MACSS	✓	
Kathy Fabian	OPI	✓	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

CHAIRMAN--CHET BLAYLOCK
NORMAL SCHEDULE==> SITE: ROOM 402 DAYS: M,W,F TIME: 3:00 P.M.
SECRETARY-BETSY CLARK

--BILL NO---	REFER DATE---	HEARING DATE---	CONSIDERATION DATES----------	COMMITTEE ACTION----------	REREFERRED TO COMM----	DATE OUT-
HB0665	2/27	3/18		CONCUR		4/05
BARNHART, BEVERLY			REQUIRE CERTAIN SCHOOL DISTRICTS TO HAVE EARTHQUAKE EMERGENCY PLANS			
HB0715	2/25	3/18		CONCUR AS AMENDED		3/21
PECK, RAY			GENERALLY REVISE LAWS RELATED TO SCHOOL DISTRICT ACCOUNTING PROCEDURES			
HB0746	3/28	4/08		CONCUR		4/11
RUSSELL, ANGELA			REQUIRE STATE TO ERECT INDIAN MONUMENT AND FLAG CIRCLE ON CAPITOL GROUNDS			
HB0940	3/28	4/08		CONCUR		4/11
WANZENRIED, DAVID			PROVIDE RELIABLE CASH FLOW TO SCHOOL DISTRICTS THROUGH STATE REVENUE ADVANCE			
HB0962	2/27	3/20		CONCUR		3/21
BOHARSKI, WILLIAM			CLARIFY ELEMENTARY AND HIGH SCHOOL TUITION STATUTES			
HB0999	3/28	4/08		CONCUR		4/12
PECK, RAY			GENERALLY REVISE LAWS ON OUT-OF-DISTRICT PLACEMENT OF CHILD WITH DISABILITY			
HJ0032	2/27	3/20		CONCUR AS AMENDED		3/26
RUSSELL, ANGELA			URGE RECOGNITION OF NATIVE AMERICAN CULTURAL CONTRIBUTIONS ON 10/12/92			
HJ0035	2/25	3/20		CONCUR AS AMENDED		3/25
MCCARTHY, BEA			URGE MONTANA COLLEGES TO REQUIRE AIDS EDUCATION FOR TEACHING DEGREE			
HJ0046	4/15	4/19		CONCUR		4/20
BACHINI, BOB			CONGRATULATE NORTHERN MONTANA COLLEGE LIGHTS WRESTLING TEAM			
HJ0047	4/15	4/19		CONCUR		4/20
GOULD, BUDD			CONGRATULATE THE MIGHTY GRIZ OF THE UNIVERSITY OF MONTANA			
HJ0049	4/15	4/19		CONCUR		4/20
TOOLE, HOWARD			INTERIM STUDY OF FEASIBILITY OF EXTENDING THE REQUIRED PUBLIC SCHOOL YEAR			

MINUTES

MONTANA SENATE
52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON EDUCATION

Call to Order: By Senator Chet Blaylock, on March 18, 1991, at 3:00 P.M.

ROLL CALL

Members Present:
Chet Blaylock, Chairman (D)
Harry Fritz, Vice Chairman (D)
Robert Brown (R)
Bill Farrell (R)
H.W. Hammond (R)
Dennis Nathe (R)
Dick Pinsoneault (D)
Mignon Waterman (D)
Bill Yellowtail (D)

Members Excused: None

Staff Present: Andrea Merrill (Legislative Council).

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion:

Chairman Blaylock announced that in view of the fact Representative Dorothy Bradley had to leave for another hearing after her presentation of HB 407, the committee would have an opportunity to ask questions immediately following her opening statement.

HEARING ON HOUSE BILL 407

Presentation and Opening Statement by Sponsor:

Representative Dorothy Bradley, District 79, stated she believes this is a very important bill. It is the result of a key recommendation of the Interim Indian Study Committee to increase the membership on the Board of Regents to eight members and to require the appointment of one Native American member. What was originally looked at was a statutory proposal that would indicate that one of the seven Regents would be an Indian. Various entities, including the Governor, did not want to change statutory rules, so the obvious alternative seemed to be to add an eighth member. She corresponded with three Legislators who served on that Interim study, and they agreed that the eighth

HEARING ON HOUSE BILL 715

Presentation and Opening Statement by Sponsor:

Representative Ray Peck, District 15, advised that he is the chief sponsor of House Bill 715, which was requested by the Superintendent of Public Instruction. He advised that it is strictly technical, and he requested Kathy Fabiano of the Office of Public Instruction to explain the bill.

Proponents' Testimony:

KATHY FABIANO, Office of Public Instruction, stated that the Legislative special session last year required school districts to adopt generally revised accounting principles, and since that time their office has been working with districts providing training and writing an accounting manual. As part of that process, they reviewed existing statutes dealing with school district accounting and they came across several sections of law where the current language is either contrary to the act, outdated or is not clear regarding intent. This bill takes those sections of law and attempts to correct or clarify the intent. Since a variety of subjects are being dealt with, she stated she wished to take the committee through quickly, section by section, and explain the amendments.

Section 1. The first amendment clarifies that school districts do not fund their insurance, either premiums or self-insurance funds, with a separate tax levy. Rather, districts insurance is funded from the General Fund and the Transportation Fund.

Section 2. The amendment in this section clarifies that districts may either purchase coverage or self-insure for liability, group health and life insurance. It also clarifies that insurance may be purchased with the Transportation Fund. If self-insured, the amendment requires activities to be accounted for in an internal service fund.

Section 3. The amendment in this section allows proceeds from the sale of real or personal property of the school district to be deposited in funds other than just the debt service fund, building or general funds, since those funds are not always the appropriate funds to receive the proceeds, depending on the property being sold.

Section 4. The proposed amendment will allow special education cooperatives to establish the same funds that the school districts currently use to account for the retirement, miscellaneous programs, and transportation activities. A separate cooperative retirement fund will prevent revenues and expenditures related to special ed cooperatives from being duplicated when they are reported to OPI. A separate

cooperative retirement will also allow for easier accounting and calculation.

Section 5. The amendment in this section is an accounting change allowing districts to deposit state and federal grants received for adult education in a fund separate from the fund used to account for adult education revenues. Federal and state grants will be accounted for in the miscellaneous programs fund.

Section 6. This amendment also deals with adult education. Districts can have either an adult basic education program offering courses that lead to a high school diploma, and they can have an adult education program which includes courses like quilting and basket weaving. Both programs are accounted for in the same fund. Current statutory language regarding this fund's reserve limits speaks only to the adult basic education portion. The reserve should be a percentage of the total fund budget to make the calculation of the reserve easier and to be consistent with other laws that deal with reserve limits.

Section 7. Current law controls district budgets at the fund level, but requires clerks to do budget transfers before year end to eliminate any line item budget overdrafts within that fund. This amendment clarifies that a school district may spend more than the amount budgeted for a particular line item within a fund, provided the total budget for a fund is not overextended. As amended, adjustments of the budget within a fund to eliminate line item overdrafts would be optional rather than mandatory.

Section 8. The amendment in this section adds three non-budgeted funds to the list of those authorized in the statute. Districts have used these three funds for the past several years with the OPI's approval.

Section 9. This amendment clarifies that the proceeds of bonds that are issued to pay a judgement against the district would be deposited in a fund established especially for that purpose rather than in the building fund, as current language reads.

Section 10. This amendment would allow districts to calculate their liability for accumulated sick leave once a year on June 30, rather than twice a year. Current law requires the district to calculate the liability on January 15 for purposes of establishing the reserve, and then they must calculate the liability again on June 30 for financial reporting purposes.

Section 11. This amendment is a clarification requested by the County Superintendents. Districts are allowed to establish a reserve fund for purposes of replacing buses and two-way radios. Current law allows the district to levy and add to the reserve each year in an amount that does not exceed 20% of the original cost of the bus or radio. The amendment clarifies that the sum of the annual amount added to the reserve to replace a particular

bus or radio cannot exceed 150% times the original cost of the bus.

KAY McKENNA, Montana Association of County Superintendents, advised that her group supports HB 715, and they feel comfortable with the changes.

Opponents' Testimony:

None.

Questions From Committee Members:

Senator Nathe asked if a coordination clause on page 5, line 17 through 21, is necessary. Senator Waterman said a bill is on the Governor's desk that allows special education co-ops to be full service co-ops. Ms. Fabiano advised that if the bill in question restricts the funds that the full service co-ops can use, it would probably need a coordination clause. She advised she would check into the matter, and Chairman Blaylock also requested Andrea Merrill, Legal Counsel to research the matter.

In response to a question by Senator Hammond regarding the three additional funds, Ms. Fabiano responded that there are no funds being added that districts are not already using. They are adding names.

Referring to Section 8, page 10, Ms. Fabiano advised that those are also funds that are currently being used by the district with the OPI's approval.

Senator Farrell asked why the bus appreciation was raised to 150%. Representative Peck said that during discussion it was noted that cost of buses was increasing so rapidly that the previous appreciation did not cover the cost. Senator Farrell referred to the bill which allowed for re-built buses. Rep. Peck said the districts could take that option.

Senator Nathe asked if the term "funds" can be used interchangeably with "reserves" or must the type of reserve be specified. Ms. Fabiano stated there is a difference in accounting terminology between a "reserve" and a "fund". She believes it is unfortunate that they named this "fund" a "reserve fund" because normally within a fund, you reserve a portion of that fund's balance. In this case the entire fund is reserved for replacement. Senator Nathe asked how are monies in a reserve carried over in July. Ms. Fabiano informed that within a fund, there is a balance at the end of the year. A portion of that balance is reserved, and the other portion is reappropriated. Senator Nathe asked if there is a limit on how large the reserves can be built up, to which Ms. Fabiano replied that if it is a non-budgeted fund, she did not believe there was a limit on the reserves.

In reply to a question by Senator Hammond, Ms. Fabiano advised that back taxes, when they are collected, are distributed to the same funds that they would have been distributed to had they been paid on time.

Senator Nathe said that if a school district had several hundred thousand dollars in back taxes paid to it now, how would that be handled. Ms. Fabiano stated if districts get revenue from delinquent protested taxes prior to July 1, they could reserve those monies over and above the other reserve cap. Senate Bill 17 addresses the spending of those monies in emergency budget situations.

Chairman Blaylock asked if everything in HB 715 complies with the gap principles. Ms. Fabiano answered affirmatively.

Closing by Sponsor:

Representative Peck stated he believes this is a technical accounting type bill, and he urged support of HB 715.

ADJOURNMENT

Adjournment At: 6:00 P.M.

Chet Blaylock
CHET BLAYLOCK, Chairman

Betsy Clark
BETSY CLARK, Secretary

CB/bc

DATE 3-18-91

COMMITTEE ON Education

Please Sign: VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One: Support	Oppose
William K. Good, JR	DES	HB665	X	
Barbara Stiffarm	MIEA	HB407	X	
Kathy Fabiano	OPI	HB715	X	
Shawn Gunshaw	MAPP	HB407	X	
Ray McKenny	MACSS	HB~~457~~ 470	X	
"	"	HB665	X	
~~Bruce W.~~ "	"	HB715	X	
Bruce W. Moe	MSBA	470		X
Gail Gray	OPI	407	X	
MARY ARNOLD	DES	HB665	X	
Phil Campbell	MEA	HB470	X	
Terry Minow	MFT	HB470	X	

MINUTES

MONTANA SENATE
52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON EDUCATION

Call to Order: By SENATOR CHET BLAYLOCK, on March 20, 1991, at 3:00 P. M.,

ROLL CALL

Members Present:
Chet Blaylock, Chairman (D)
Harry Fritz, Vice Chairman (D)
Robert Brown (R)
Bill Farrell (R)
H.W. Hammond (R)
Dennis Nathe (R)
Dick Pinsoneault (D)
Mignon Waterman (D)
Bill Yellowtail (D)

Staff Present: Andrea Merrill (Legislative Council).

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

HEARING ON HB 962

Presentation and Opening Statement by Sponsor:

REPRESENTATIVE BOHARSKI, House District 47, presented HB 962 an act to clarify elementary and high school tuition statutes.

REPRESENTATIVE BOHARSKI asked the Committee to consider Page 1, Line 20 of HB 962 which explains how calculations are made. He said that the old calculation was using the actual expenditures. Some schools were using the previous year and some were using the current year. Some schools sitting side by side in the district were not using the same calculation. On Line 25, ANB is calculated by the previous fall and spring before that. He said that was a problem because by the time fiscal 1991 was reached, tuition calculations were actually going back to 1989 figures. He said that the best that can be done is to come up with actual expenditures of the previous year divided by the actual enrollment of the previous year.

A major change is explained in Lines 9-11, Page 2. What was previously being done in the process of calculating tuition is calculating the expenditure of the pupil and then deducting the guaranteed tax base. With HB 962 all of the districts are

EXECUTIVE ACTION ON HB 715

Vote:

SENATOR BLAYLOCK MOVED THAT AMENDMENTS TO HB 715 BE ADOPTED. Vote was unanimous. MOTION CARRIED.

SENATOR PINSONEAULT MOVED HB 715 BE CONCURRED IN AS AMENDED. Vote was unanimous. MOTION CARRIED. CARRIER - SENATOR BROWN.

EXECUTIVE ACTION ON HB 962

SENATOR NATHE MOVED that HB 962 BE CONCURRED IN. Vote was unanimous. MOTION CARRIED. CARRIER - SENATOR NATHE.

ADJOURNMENT

Adjournment At: 6:00 P. M.

Chet Blaylock
SENATOR CHET BLAYLOCK, Chairman

Betsy Clark
BETSY CLARK, Secretary

CB/bc

SENATE STANDING COMMITTEE REPORT

March 21, 1991

MR. PRESIDENT:

We, your committee on Education and Cultural Resources having had under consideration House Bill No. 715 (third reading copy -- blue), respectfully report that House Bill No. 715 be amended and as so amended be concurred in:

1. Page 5, line 17.
Strike: "special"
Insert: "full service"

2. Page 5, line 20.
Strike: "special"
Insert: "full service"

Signed: Chet Blaylock
Chet Blaylock, Chairman

JGI 3-21-91
Amd. Coord.

SB 3-21 1:25
Sec. of Senate

SENATE
HB 715

HOUSE BILL NO. 715

INTRODUCED BY PECK

BY REQUEST OF THE SUPERINTENDENT

OF PUBLIC INSTRUCTION

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE LAWS RELATED TO SCHOOL DISTRICT ACCOUNTING PROCEDURES; AMENDING SECTIONS 2-9-212, 20-3-331, 20-6-604, 20-7-457, 20-7-705, 20-7-713, 20-9-133, 20-9-201, 20-9-435, 20-9-512, AND 20-10-147, MCA; AND PROVIDING ~~AN IMMEDIATE~~ EFFECTIVE ~~DATE~~ DATES."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 2-9-212, MCA, is amended to read:

"2-9-212. Political subdivision tax levy to pay premiums. Notwithstanding any provisions of law to the contrary, ~~all~~ a political ~~subdivisions~~ subdivision, except for a school district, may levy an annual property tax in the amount necessary to fund the premium for insurance, deductible reserve fund, and self-insurance reserve fund as herein authorized and to pay the principal and interest on bonds or notes issued pursuant to 2-9-211(5), even though as a result of such levy the maximum levy as otherwise restricted by law is exceeded thereby, provided that the revenues derived therefrom may not be used for any other purpose."

Section 2. Section 20-3-331, MCA, is amended to read:

"20-3-331. Purchase of ~~liability~~ insurance -- self-insurance plan. (1) The trustees of ~~any~~ a district may purchase insurance coverage or establish a self-insurance plan for the district, trustees, and employees ~~against~~ for liability ~~for the death, injury, or disability of any person or damage to property~~ as provided in 2-9-211 and for group health and life insurance as provided in 2-18-702. The trustees shall include the cost of coverage in the general fund budget of the district and as authorized for the district transportation program in 20-10-143(1)(d).

(2) Whenever the trustees of a district establish a self-insurance plan, the trustees shall establish an internal service fund to account for the activities of the self-insurance plan."

Section 3. Section 20-6-604, MCA, is amended to read:

"20-6-604. Sale of property when resolution passed after hearing -- appeal procedure. (1) Whenever the trustees of ~~any~~ a district determine that a site, building, or any other real or personal property of the district is or is about to become abandoned, obsolete, undesirable, or unsuitable for the school purposes of ~~such~~ the district, the trustees may sell or otherwise dispose of ~~such~~ the real or personal property in accordance with this section and

without conforming to the provisions of 20-6-603. If a decision to sell or dispose of property is made, the trustees shall adopt a resolution to sell or otherwise dispose of ~~such~~ the district real or personal property because it is or is about to become abandoned, obsolete, undesirable, or unsuitable for the school purposes of the district.

(2) The resolution may not become effective for 15 days after the notice required in subsection (3) is made.

(3) The trustees shall cause notices of the resolution to be published in a newspaper of general circulation in the district. If there is no newspaper of general circulation, the trustees shall cause notices of the resolution to be posted in the manner required for school elections in 20-20-204.

(4) ~~Any~~ A taxpayer may appeal the resolution of the trustees, at any time prior to the effective date of the resolution, to the district court by filing a verified petition with the clerk of ~~such~~ the court and serving a copy of ~~such~~ the petition upon the district. The petition ~~shall~~ must set out in detail the objections of the petitioner to the adoption of the resolution or to the disposal of the property. The service and filing of the petition ~~shall~~ stay the resolution until final determination of the matter by the court. The court shall immediately fix the time for a

hearing at the earliest convenient time. At the hearing, the court shall hear the matter de novo and may take testimony as it ~~deems~~ considers necessary. Its proceedings ~~shall be~~ are summary and informal, and its decision ~~shall be~~ is final.

(5) The trustees of a district that has adopted a resolution to sell or otherwise dispose of district real or personal property and, if appealed, has been upheld by the court shall sell or dispose of ~~such~~ the real or personal property in any reasonable manner that they determine to be in the best interests of the district.

(6) The ~~money~~ money realized from the sale or disposal ~~shall~~ of real or personal property of the district must be credited to the debt service fund, building fund, general fund, or ~~any combination of these three funds~~ other appropriate fund, at the discretion of the trustees."

Section 4. Section 20-7-457, MCA, is amended to read:

"20-7-457. Funding provisions for special education cooperatives or joint boards. (1) The superintendent of public instruction shall pay directly to a cooperative or to a joint board formed under 20-3-361 for special education purposes the approved allowable costs for contracted special education services from the state special revenue fund for state equalization aid as provided in 20-9-343. The total of the payments must be within the limit set by the legislature

for approved special education budgets.

(2) A school district that elects to participate in a cooperative shall agree in the cooperative contract to participate for a period of at least 3 years.

(3) A school district that elects to participate in a joint board formed under 20-3-361 for special education purposes shall confirm in writing to the joint board by October 1 of the current school fiscal year the district's intention to participate or to not participate in a joint board agreement for the next school fiscal year.

(4) After June 30, 1990, a cooperative that has not met the requirements of 20-7-453 and 20-7-454 may not be funded under the provisions of this section except by approval of the superintendent of public instruction. The superintendent shall adopt rules for approval of full service special education cooperatives formed after June 30, 1990.

(5) A ~~special~~ FULL SERVICE education cooperative may establish a retirement fund, a miscellaneous programs fund, and a transportation fund, as provided for in 20-9-201, for the purposes of a ~~special~~ FULL SERVICE education cooperative contract and the purposes allowed by law."

Section 5. Section 20-7-705, MCA, is amended to read:

"**20-7-705. Adult education fund.** (1) A separate adult education fund ~~shall~~ must be established when an adult education program is operated by a district or community

college district. The financial administration of ~~such~~ the fund ~~shall~~ must comply with the budgeting, financing, and expenditure provisions of the laws governing the schools.

(2) Whenever the trustees of ~~any~~ a district establish an adult education program under the provisions of 20-7-702, they shall establish an adult education fund under the provisions of this section. The adult education fund ~~shall be~~ is the depository for all ~~federal, state, and~~ district ~~moneys~~ money received by the district in support of the adult education program. Federal and state adult education program money must be deposited in the miscellaneous programs fund.

(3) The trustees of ~~any~~ a district may authorize the levy of a tax of not more than 1 mill on the district, except that trustees of a county high school district that is not unified with an elementary district may authorize a levy of not more than 2 mills on the district, for the operation of an adult education program when the superintendent of public instruction has approved the educational program to be supported by ~~such~~ the levy. The trustees shall obtain the approval of the superintendent of public instruction ~~shall have been acquired by the trustees~~ before the fourth Monday of June in order to include the expenditures to be financed by the levy in the preliminary budget. The superintendent of public instruction shall

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promulgate rules and forms for ~~such~~ approval.

(4) Whenever the trustees of ~~any~~ a district decide to offer an adult education program during the ensuing school fiscal year, they shall budget for the cost of ~~such~~ the program in the adult education fund of the preliminary budget. Any expenditures in support of the adult education program under the final adult education budget ~~shall~~ must be made in accordance with the financial administration provisions of this title for a budgeted fund.

(5) When a tax levy for an adult education program ~~which~~ that has been approved by the superintendent of public instruction is included as a revenue item on the final adult education budget, the county superintendent shall report ~~such~~ the levy requirement to the county commissioners on the second Monday of August and a levy on the district ~~shall~~ must be made by the county commissioners in accordance with 20-9-142."

Section 6. Section 20-7-713, MCA, is amended to read:

"**20-7-713. Adult basic education fund cash** operating **reserve.** At the end of each school fiscal year, the trustees of ~~any~~ a school district that operates an adult basic education program may designate ~~what~~ the portion of the adult ~~basic~~ education ~~fund~~ end-of-the-year ~~cash~~ fund balance that is to be earmarked as ~~cash~~ operating reserve for the purpose of paying, whenever a cash flow shortage occurs,

adult basic education fund warrants issued by the district from July 1 through June 30 of the ensuing school fiscal year. The amount of the adult ~~basic~~ education fund ~~cash~~ balance that is earmarked as ~~cash~~ operating reserve may not exceed 35% of the final adult ~~basic~~ education fund budget for the ensuing school fiscal year."

Section 7. Section 20-9-133, MCA, is amended to read:

"**20-9-133. Adoption and expenditure limitations** of **final budget.** (1) When the trustees ~~have--caused~~ determine and set the amount ~~of-an-item~~ of the budget for ~~the-district to--be--determined--and--set~~ each budgeted fund, they shall enter the amount in the portion of the budget form provided for the reporting of the final budget and ~~upon-completion-of all--the-items,~~ the chairman and clerk shall sign the budget form. The resulting budget ~~shall-constitute~~ constitutes the final budget and the appropriations for the district for the current school fiscal year.

(2) Except as provided in subsection (3), the trustees and all officers and employees of the district ~~shall-be~~ are limited in making expenditures or incurring liabilities to the total amount of ~~such--appropriations,--except---that transfers~~ each fund's budget. Transfers from any appropriation item to another appropriation item within a fund's budget may be made as provided by law 20-9-208. Except as provided in subsection (3), money of the district

may not be used to pay expenditures made, liabilities incurred, or warrants issued in excess of ~~any of~~ the final budget ~~appropriations for any item, as originally determined or as revised by transfer, shall not be a liability of the district, and no money of the district shall ever be used to pay the same~~ established for each budgeted fund.

(3) If a district incurs a legal bonded debt payment after the final debt service fund budget for the current fiscal year has been adopted and if payment on the debt is required for the current fiscal year, payment on the debt in the current school fiscal year is allowed if money is available."

Section 8. Section 20-9-201, MCA, is amended to read:

"**20-9-201. Definitions and application.** (1) As used in this title, unless the context clearly indicates otherwise, "fund" means a separate detailed account of receipts and expenditures for a specific purpose as authorized by law. Funds are classified as follows:

(a) A "budgeted fund" means any fund for which a budget must be adopted in order to expend money from the fund. The general fund, transportation fund, bus depreciation reserve fund, elementary tuition fund, retirement fund, debt service fund, leased facilities fund, building reserve fund, adult education fund, nonoperating fund, and any other funds so designated by the legislature are budgeted funds.

(b) A "nonbudgeted fund" means any fund for which a budget is not required in order to expend money on deposit in the fund. The school food services fund, miscellaneous federal programs fund, building fund, lease or rental agreement fund, traffic education fund, interlocal cooperative fund, internal service fund, enterprise fund, agency fund, and any other funds so designated by the legislature are nonbudgeted funds.

(2) The school financial administration provisions of this title apply to all money of any elementary or high school district except the extracurricular money realized from pupil activities. Elementary and high school districts shall record the receipt and disbursement of all money in accordance with generally accepted accounting principles. The superintendent of public instruction has general supervisory authority as prescribed by law over the school financial administration provisions, as they relate to elementary and high school districts. ~~He~~ The superintendent of public instruction shall adopt rules necessary to secure compliance with the law."

Section 9. Section 20-9-435, MCA, is amended to read:

"**20-9-435. Delivery of school district bonds and disposition of sale moneys.** (1) After the school district bonds have been registered, the county treasurer shall:

(a) when the board of investments has purchased ~~such~~

the bonds, forward the bonds to ~~such state~~ the board ~~which~~ that, in turn, shall ~~cause the bonds to be sent~~ send the bonds to the state treasurer and shall ~~cause~~ pay the bonds ~~to be paid for~~ in the manner provided by law; or

(b) when the purchaser is anybody other than the board of investments, deliver the bonds to ~~such~~ the purchaser when full payment of the bonds has been made by the purchaser.

(2) If any of the trustees fails or refuses to pay into the proper county treasury the money arising from the sale of any bonds, ~~he~~ the trustee is guilty of a felony and shall be punished by imprisonment in the state prison for not less than 1 year or more than 10 years, by a fine of not more than $50,000, or by both ~~such~~ fine and imprisonment.

(3) All money realized from the sale of school district bonds ~~shall~~ must be paid to the county treasurer, ~~and he~~. The county treasurer shall credit ~~such~~ the money to the building fund of the school district issuing the bonds, except money realized for the purposes defined in 20-9-403(1)(c) and (1)(d) ~~shall~~ must be deposited in the debt service fund for the purchase of ~~such~~ the bonds and money realized for the purposes authorized in 20-9-403(1)(e) must be deposited in a fund as provided for in 2-9-316 to pay a final judgment against the school district. The money realized from the sale of school district bonds ~~shall~~ must be immediately available to ~~such~~ the school district, and

the trustees may expend ~~such~~ the money without budgeted authorization only for the purposes for which the bonds were authorized by the school district bond election. Under the provisions of 7-6-2802, the trustees may invest the money for which there is no immediate demand and the interest earned by ~~such~~ the investment ~~shall~~ must be used in the manner provided ~~therein~~ in that section. After the full accomplishment of the purpose or purposes of a bond issue, the excess money realized from ~~such~~ the bond issue ~~shall~~ must be transferred to the debt service fund of the school district to be used for the redemption or purchase of bonds of ~~such~~ the issue."

Section 10. Section 20-9-512, MCA, is amended to read:

"**20-9-512. Reserve fund for payment of accumulated sick leave.** (1) The trustees of ~~any~~ a school district may establish a reserve fund for the purpose of paying any accumulated amount of sick leave that a nonteaching school district employee is entitled to upon termination of employment with the district in accordance with the provisions of 2-18-618. ~~Such a~~ The reserve fund may be used only for the stated purpose of this section.

(2) At the end of each school fiscal year, the trustees may appropriate a portion of the general fund end-of-the-year ~~cash~~ fund balance to establish ~~such~~ a reserve fund.

(3) The maximum amount in a reserve fund established under the provisions of subsections (1) and (2) may not exceed 30% of the total school district liability for accumulated sick leave of nonteaching school district employees on ~~January 15~~ June 30 of the preceding school fiscal year."

Section 11. Section 20-10-147, MCA, is amended to read:

"**20-10-147. Bus depreciation reserve.** (1) The trustees of ~~any~~ a district owning a bus or a two-way radio used for purposes of transportation, as defined in 20-10-101, or for purposes of conveying pupils to and from school functions or activities may establish a bus depreciation reserve fund to be used for the replacement of ~~such~~ the bus or radio.

(2) Whenever a bus depreciation reserve fund is established, the trustees may include in the district's budget, in accordance with the school budgeting provisions of this title, an amount each year that does not exceed 20% of the original cost of a bus or a two-way radio ~~for such purposes~~. The amount budgeted may not, over time, exceed ~~100%~~ 150% of the original cost of a bus or two-way radio. The annual revenue requirement for each district's bus depreciation reserve fund, determined within the limitations of this section, ~~shall~~ must be reported by the county superintendent to the county commissioners on the second Monday of August as the bus depreciation reserve fund levy

requirement for that district, and a levy ~~shall~~ must be made by the county commissioners in accordance with 20-9-142.

(3) Any expenditure of bus depreciation reserve fund ~~moneys--shall~~ money must be within the limitations of the district's final bus depreciation reserve fund budget and the school financial administration provisions of this title and may be made only for the purchase of buses or radios to replace the buses or radios for which the bus depreciation reserve fund was created.

(4) Whenever the trustees of a district maintaining a bus depreciation reserve fund consider it to be in the best interest of the district to transfer any portion or all of the bus depreciation reserve ~~cash~~ fund balance to any other fund maintained by the district, ~~it~~ the trustees shall submit ~~such~~ the proposition to the electors of the district. The electors qualified to vote at the election shall qualify under 20-20-301, and the election ~~shall~~ must be called and conducted in the manner prescribed by this title for school elections. If a majority of those electors voting at the election approve the proposed transfer from the bus depreciation reserve fund, the transfer is approved and the trustees shall immediately order the county treasurer to make the approved transfer."

NEW SECTION. **Section 12.** ~~Effective date.~~ [This act] is DATES. (1) [SECTIONS 1 THROUGH 5, 7 THROUGH 11, AND THIS

SECTION] ARE effective on passage and approval.

(2) [SECTION 6] IS EFFECTIVE JULY 1, 1991.

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